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The Security Council,

Noting the letter from the Prime Minister of Iraq to the President of the Security Council, dated 9 December 2010, which is annexed to this resolution,

Recognizing the positive developments in Iraq and that the situation now existing in Iraq is significantly different from that which existed at the time of the adoption of resolution 661 (1990), recognizing that Iraqi institutions are strengthening, and further recognizing the importance of Iraq achieving international standing equal to that which it held prior to the adoption of resolution 661 (1990),

Welcomes the letter from the Prime Minister of Iraq which reaffirms the commitment by the Government of Iraq not to request any further extensions of the Development Fund for Iraq arrangements; and recognizing that the letter from the Prime Minister of Iraq also reaffirms the commitment by the Government to ensure that oil revenue would continue to be used fairly and in the interests of the Iraqi people, and that transition arrangements would be in keeping with the constitution and with international best practices in respect of transparency, accountability and integrity,

Recognizing the significant role of the Development Fund for Iraq and the International Advisory and Monitoring Board, and the provisions of paragraphs 20 and 22 of resolution 1483 (2003) in helping the Government of Iraq to ensure that Iraq's resources are being used transparently and accountably for the benefit of the Iraqi people, and stressing also the need for Iraq to finalize transition to successor arrangements for the Development Fund for Iraq and the International Advisory and Monitoring Board,

Acting under chapter VII of the Charter of the United Nations,

1. *Decides* to terminate, on 30 June 2011, the arrangements established in paragraph 20 of resolution 1483 (2003) for depositing into the Development Fund for Iraq proceeds from export sales of petroleum, petroleum products and natural gas and the arrangements referred to in paragraph 12 of resolution 1483 (2003) and paragraph 24 of resolution 1546 (2004) for the monitoring of the Development Fund for Iraq by the International Advisory and Monitoring Board and further decides that,

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subject to the exception provided for in paragraph 27 of resolution 1546 (2004), the provisions of paragraph 22 of resolution 1483 (2003) shall continue to apply until that date, including with respect to funds and financial assets and economic resources described in paragraph 23 of that resolution;

2. *Welcomes and affirms* the Government of Iraq's decision not to request any further extensions of the Development Fund for Iraq arrangements; and further decides this is the final extension of the Development Fund for Iraq arrangements;

3. *Decides* that after 30 June 2011, the requirement established in paragraph 20 of UNSCR 1483 (2003) that all proceeds from export sales of petroleum, petroleum products and natural gas from Iraq be deposited into the Development Fund for Iraq shall no longer apply, and affirms that the requirement established in paragraph 21 of UNSCR 1483 (2003) that 5 percent of the proceeds from all export sales of petroleum, petroleum products and natural gas shall be deposited into the compensation fund established in accordance with resolution 687 (1991), and subsequent resolutions, shall continue to apply, and further decides that 5 percent of the value of any non-monetary payments of petroleum, petroleum products and natural gas made to service providers shall be deposited into the compensation fund, and that unless the Government of Iraq and the governing council of the United Nations Compensation Commission, in the exercise of its authority over methods of ensuring that payments are made into the compensation fund, decide otherwise, the above requirements shall be binding on the Government of Iraq;

4. *Calls upon* the Government of Iraq to work closely with the Secretary-General to finalize the full and effective transition to a post-Development Fund mechanism by or before 30 June 2011, which takes into account IMF stand-by arrangement requirements, includes external auditing arrangements and ensures that Iraq will continue to meet its obligations as established in the provisions of paragraph 21 of resolution 1483 (2003); further requests that the Government of Iraq provide a written report to the council no later than 1 May 2011 on progress towards the transition to a post-Development Fund mechanism;

5. *Directs* the transfer of the full proceeds from the Development Fund for Iraq to the Government of Iraq's successor arrangements account or accounts and the termination of the Development Fund for Iraq no later than 30 June 2011 and requests written confirmation to the Council once the transfer and termination are completed;

6. *Requests* the Secretary-General to provide written reports on an ongoing basis to the council every six months, with the first report due no later than 1 January 2012, about the United Nations compensation fund, evaluating the continued compliance with the provisions of paragraph 21 of resolution 1483 (2003);

7. *Decides* to remain actively seized of the matter.

Annex

Letter dated 8 December 2010 from the Prime Minister of Iraq addressed to the President of the Security Council

I should like to refer to my letter dated 13 December 2009 addressed to the President of the Security Council, in which I explained that in 2010 the Government of Iraq would put in place appropriate arrangements, in keeping with the Constitution, for the Development Fund for Iraq and the International Advisory and Monitoring Board, with a view to ensuring the continued equitable use of oil revenue in the interests of the Iraqi people, in accordance with international best practices with regard to transparency, accountability and integrity.

Pursuant to Security Council resolution 1905 (2009), the Government of Iraq submitted in its first quarterly report the requisite action plan and timeline for the transition to the successor arrangements for the Development Fund for Iraq and the International Advisory and Monitoring Board. It subsequently submitted its second and third reports on the progress that had been made. In the third report, details were given of the parts of the action plan that had been completed and those that remained incomplete. Reference was also made to the situation in Iraq and the fact that the delay in the formation of a new Government after the legislative elections that took place on 7 March 2010 had, in one way or another, affected the ability of Government institutions to take rapid and effective action with regard to the comprehensive implementation of the action plan.

On the basis of the foregoing, and in order to make it possible to ensure the comprehensive implementation of the action plan and a smooth transition to the successor arrangements, the Government of Iraq is once more in need of the assistance of the international community. It therefore hopes that the Security Council will extend for a further and final six months immunity for the Development Fund for Iraq, on the basis of the arrangements set forth in Security Council resolution 1483 (2003), paragraph 20.

I should be grateful if you would circulate this letter to the members of the Council with the greatest possible expedition and include it as an annex to the resolution currently being drafted on Iraq.

(*Signed*) Nuri Kamel **al-Maliki**
Prime Minister of the Republic of Iraq
Baghdad, December 2010